

12 H & B C DEPARTMENT

913
Rev. (CT)
dt 25/2/57

BRANCH
(Formerly Labour Dept. 'A' branch)

Subject:— Co-operative Housing
Societies

Grant of loan
to the

previous pbs in
part II

subsequent pbs in part IV



8

Rev. (CT)

To Supdt. R. SC
11/2/57

Submitted for perusal
in the first instance

Keep
5/3/57

Susc
30/4

File No.

18/48

pt III Sir R.R.

Std. Sectt. Slip 24 B e.

B

As no action is called for, this will be filed
and kept for reference in the office

30/4/57

DOCKET SHEET

File No. _____

DEPT.

BRANCH.

References :—

Date.	To whom sent.	Notes and instructions.

In our received 6-crore Programme, we have earmarked a sum of Rs. 50 lakhs for loans to Co-operative Housing societies, vide item 40 in the 6 crore Programme. So far, we have sanctioned loans to the following societies:-

<u>Name</u>	<u>TOTAL Loan sanctioned Rs.</u>	<u>1st instalment to be granted Rs.</u>
The Dharmnagar Co-operative Housing Society, Ahmedabad.	5,18,400/-	2,00,000/-
The Lokmanya C.H. Society, Bombay.	13,82,922/-	1,28,922/-
The Dader C.H. Society, Bombay.	8,07,850/-	1,35,850/-
TOTAL Rs.	27,09,172/-	4,65,772/-

2. It will be observed that we have already sanctioned loans to the extent of more than half the amount of our total allocation for loans, to 3 societies only. About 29 other societies have also applied for loans so far, and their applications are pending, for one reason or another, with the Asst., or, Dy. Registrar concerned or the H.C. Bombay. It is obvious that we shall not be able to meet the demands of all the remaining societies from the total amount of Rs. 50 lakhs set aside for this purpose. Additional funds will therefore, be required which cannot be obtained at present from the 6-crore programme, since the balance of 5½ crore has already been earmarked for other projects. Even the sum of Rs. 21,56,369/- shown against item 46 of the programme has been provisionally earmarked for acquiring some additional

It follows, therefore, that we shall have to earmark a part of the additional 10-crore loan for which we propose to address the Government of India, shortly, for the purpose of granting loans to C.H. Societies. There is no danger, however, of our funds being immediately exhausted since our loans are to be granted in instalments. The total amount of the first instalments to be paid to the 3 societies mentioned overleaf is Rs. 4,64,772/-. And it will take some time before further instalments are paid because the payment of these is conditional on the societies completing part of their constructions. All the same, our ultimate liabilities will have to be borne in mind for this purpose. It is true that recoveries may start in the case of certain societies before loans are sanctioned to other societies, but separate budget provision has always to be made for expenditure and receipts and we cannot neutralise our expenditure by receipts for budget purpose.

3. It is not clear whether under the Bombay Housing Board Act, 1948, the subject of aid to Co-operative Housing societies will have to be dealt with by the Board. Attention in this connection is invited to chapter III of the Act (Housing schemes) which does not seem to include this particular subject among the functions of the Board. In that case, this subject will continue to be dealt with by Govt. and additional funds will be necessary for this purpose. However, as stated at 'A' above, there does not seem to be any danger of our funds being exhausted immediately. In the circumstances, we may first await the result of our proposal to approach the Govt. of India for an

additional loan

we shall be able to earmark a part of it for this purpose. If not, we can consider how best to deal further with this questions.

Id/-

We may take this up with F.D. as soon as we shall have sanctioned about 45 lakhs of rupees for loans. Cooperative society will be dealt with by Labour deptt. for purpose of loans at least for the present.

Id/-
25/149.

Resubmitted with ref. to Secy's note above.
2. The up-to-date position in regard to the grant of loans to C.H. Societies is now as follows

<u>Name of Society.</u>	<u>NAME of present disposal of case.</u>	<u>Amount of loan sanctioned or proposed to be sanctioned.</u>
		Rs.
(1) Dharmnagar C.H. Society	Loans sanctioned.	5,12,400
(2) Lokmanya -do-	-do-	12,82,922
(3) Dadar -do-	-do-	8,07,850
(4) Kanbra Brotherhood -do-	-do-	2,88,750
(5) Jawaharnagar -do-	F.D. - has agreed and orders will be issued shortly.	3,20,820
(6) Karnatak, -do-	-do-	4,35,577
(7) Model -do-	under u.o.r. to F.D. in Lab. Deptt.	7,55,445
(8) Azad -do-	Case not recd. in Lab. Deptt.	1,34,655
(9) Shree Han -do-	-do-	5,01,455
TOTAL. Rs.		51,45,874
		66666

3. It will be observed that the sum total of the total of the loans proposed to the sanctioned to the

exceeds Rs.50 lakhs which is the sum earmarked for this purpose in the 6-crore Housing programme of Govt. Besides, about 36 other societies have also applied for loans since, whose applications are pending, for one reason or another, with the Asstt. or Dt. Restr. or the H.C.Bombay. It is obvious, therefore, that we cannot continue to entertain fresh applications or consider the applications at (8) and (9) above unless we first get the necessary finance for the purpose. The proposal to obtain a further loan of Rs.10 crores from the Govt. of India mentioned at 'X' on page 2 ante has, unfortunately, not materialised. The Govt.of India gave us to understand that they could not make any additional provision in their budget estimate for this year in respect of any further loan to us for this purpose. We shall, therefore, have to fall back on our own funds now for the purpose of loans to C.H.Societies. under our Housing programme. The question of assigning to the newly constituted Bombay Housing Board, the function of advancing loans to C.H.Societies was considered separately and it has been found that as the Board's funds will not exceed 5.5 crores, to start with, (6 crore less 50 lakhs for C.H.Societies) all of which has already been earmarked for housing schemes under the 6-crore Housing programme, the Board will not have the necessary funds to advance loans to C.H.Societies. In fact the Board's funds will be considerably less than Rs.5.5crores to start with because all that amount spent so far on housing schemes and establishment charges will be debited to the amount of Rs.5.5crores.

4. The liabilities of Govt.in the matter of granting loans to C.H.Societies under the Housing programme has and

reduced because our scheme is being changed recently. We do not now grant loans to Societies for tenements which are above the "standard" type. Such societies are asked to approach the Bombay Provincial Co-operative Land mortgage Bank Ltd. which is being specially subsidised by Govt. in P.W.B. for this purpose. Also, the latest decision is that C.H. Societies that are composed entirely of refugees will no longer be granted loans by this Deptt. but by B. & R.D. which is getting finance from the Govt. of India for this purpose. On the other hand, we have now extended our scheme to certain places in the Thane Dist.

5. However, in spite of a possible reduction in our liabilities as pointed out in para 4 above, housing regard to the number of loan applications that are pending with the Asstt. & Dy. S. G. and the H.C. Bombay (36), it seems that we shall need, at the very least, another sum of Rs. 50 lakhs for this purpose. The grant of financial assistance to C.H. Societies is one of our schemes under the Housing Programme which, in itself, is one of the P.W.B. Schemes of this Govt. The B.C.D. is in charge of funds for the implementation of all P.W.B. Schemes in this province. We shall, therefore, have to approach the B.C.D. first for allocation of a further sum of Rs. 50 lakhs (over and above the Rs. 4 crores already allocated to this Deptt. for the housing programme) from the P.W.B. fund of this Govt. for the purpose of granting

Dep'ts. may not have been able to utilise their full allocations or even part of their allocation of the P.W.D. Funds for some reasons or another. In this case, these savings, to the extent of Rs. 50 lakhs can be utilised by this Deptt. for this purpose. It must be borne in mind that this amount of Rs. 50 lakhs like the amount of Rs. 50 lakhs already placed at our disposal for this purpose, is recoverable. It is in the nature of a loan to C.H. Societies recoverable in 35 years at 3% interest. The R.C.D. may, therefore, see these papers first as suggested above. As we cannot entertain any fresh applications for loans from C.H. Society unless we have more funds, the R.C.D. may be requested to treat this case as very urgent.

Id/-
5/4/49.

Resubmitted with reference to the verbal instructions given by Secy. in this case.

2. Please see the proceedings on p. 51-52 in file 751/46 below wherein the question was discussed, in consultation with F.D., whether the sum of Rs. 50 lakhs earmarked for loans to C.H. societies in the housing programme, represents the loss to Govt. arising out of the difference between the rate of interest which Govt. has to pay and the rate of interest at which loans are advanced to such societies, or represents the total capital amount which is to be loaned to these societies. It will be observed that F.D. in all its noting had adhered to the view that the sum of Rs. 50 lakhs for this purpose represents the total capital amount and not Govt. subsidy representing

loss of interest

on the 11/5/48, where H.M.F.D., agreed to using up the whole amount of Rs.50 lakhs in the year 1948-49, to entertain applications upto the limit of Rs.50 lakhs, and to consider the situation afresh thereafter.

3. We advance loans to C.H. Societies for building "standard type" tenements at 3% interest. The Govt. borrowing rate at present is 3.108%. The loss due to difference between Govt.'s borrowing rate and the lending rate charged to societies is, therefore, Rs.0.108 on a capital amount of Rs.100/-. If Rs.50 lakhs is to represent the total loss to Govt. on account of this difference between the borrowing and lending rate of Govt., the capital amount involved will be Rs. $\frac{50,00,000}{0.108} =$ Rs. $\frac{1,25,00,00,00,000}{27} =$ Rs. 4,62,96,29,629/-.

It seems that in view of this, F.D. will still, adhere to the view expressed by it before that the sum of Rs.50/- lakhs represents the total capital amount to be advanced to C.H. Societies.

4. We may, therefore, now approach the R.C.D. first as suggested in the o.n. dt. the 5-4-49 on p.4 ante, for placing at our disposal for this purpose a further sum of Rs.50/- lakhs from the P.U.R. funds which it controls, in case some Deptt. or another has not or will not utilise its full allocations from these funds. If R.C.D. cannot help, then we shall have to approach F.D. for additional funds from the ordinary revenues. In the meantime, the loan application of the Shree Ram C.H. Society for Rs.5,01,455/- mentioned at

at S.No.(9) on p.4 ante) which was the last application received in this department from the H.C.Bombay, and further such applications which may hereafter be received from H.C., will have to wait the availability of ultra funds which has been asked for in these pp. The R.C.D. may be requested to treat this case as "immediate" in view of its extreme urgency as pointed out above.

Id/-
8/4/49.

About 8 crore of rupees may be necessary this year, but we may ask for further 50 lakhs at this stage.

Id/-
9/4/49.

U.O.R. to RCD&FD dt. 9/4/49.

HSS.29/6

Please see ... of the ... Deptt. ...
note dated the 5th April 1949. The Labour Deptt.
requests that a sum of Rs.50,00,000/- may be allotted
to that Deptt. from the P.W.R. funds for the purpose
of granting loans to the Co-operative Housing
Societies over and above Rupees 4 crores already
allocated to that deptt. for the Housing programme
(scheme No.194). It may be stated in this connection
that there is no saving under any other
head of department. On the contrary there is
already an excess of expenditure. It will not,
therefore, be possible to say at this stage whether
the amount required by the Labour Deptt. can be
allotted. The proposal may be considered in the
next meeting of the Development Board along with
the excesses of expenditure in other Deptts.

3. The papers may be passed on to the F.D.
That deptt. may consider whether the amount
required by the Labour Deptt. can be made available
from the loan money, (Rs.3,00,00,000) granted
by the Govt. of India to this province for the
year 1949-50.

Id/-

11-4-49

In view of 'A' it is extremely unlikely
that a sum of Rs. 50 lakhs can be made available
from the P.W.R. Funds. The points may however
be discussed at the next meeting.

Id/-

11/4.

u.o.r. to F.D./Lab.deptt. dt. the 13th April 1949

The provision of Rs.50,00,000 made for granting loans to Housing Co-operative societies has been nearly exhausted and the Labour Deptt. wants to provide addl. sum of Rs.50,00,000/- for that purpose. The R.C.D. wants this Deptt. to consider whether the amount required by the Labour Deptt. can be made available from the loan money of Rs. 3 crores granted by the Govt. of India to this province for the year 1949-50.

2. The loan of Rs.3 crores from the govt. of India and that of about Rs. 5 crores to be raised in the open market from one of the sources which must be tapped to meet the capital liabilities of the P.W.R. programme of Rs.75 crores. In fact, the above loans would provide for the capital expdure. to be incurred in 1949-50 only. This includes an amount of Rs.2.91 crores which is to be placed at the disposal of the Housing Board for carrying out the Housing programme (vide G.L.R.D.No.5946/33-P.W.R.I. dated 16th jany.1949). It follows that the loan money cannot be used to provide addl.funds for granting loans to Housing Co-operative societies.

3. Out of Rs.75 crores, Rs.4 crores were earmarked for the Housing programme. After retaining Rs.50,00,000, (which have already been spent) for granting loans to Housing co-operative societies the balance (minus the expdure. already incurred by the Housing deptt.) is to be placed at the disposal of the Housing Board. The loan of Rs.2 crores sanctioned by the G.O.I. specially for the Housing programme will also go to the board. As pointed out above, the other loans are required to finance the capital liabilities already accepted on account of the P.W.R. Programme of Rs.75 crores. Obviously, no addl.provision can be made for granting loans

to H.C.Societies

Dev. heads, and if this is not possible it will have to be made from funds other than those required to finance the P.W.D. programme of Rs. 75 crores.

Id/-
29/4.

Pending the allocations of the allotments with the 75-crore plan (and, possible, of the figure of 75 crores), F.D. may agree to and the sum of Rs. 50 lakhs being allotted to the Labour Deptt. for loans and Housing co-operative societies.

The po. may be shown to H.M.F.D. in the Labour Deptt.

Id/-
33-4.

u.o. to Labour deptt. dated 26-4-49.

Labour department.
F Br.

Please see the Lab. Deptt. notes on p. 1-10 ante.

2. The F.D. has agreed to a further sum of Rs. 50 lakhs from the P.W.D. funds being allotted to this Deptt. for loans to C.H. Societies. We can now entertain further applications for loans from such societies. So far as the current year is concerned, a provision of Rs. 30,00,000/- has been made in the budget for loans to C.H. Societies and Rs. 5,00,000/- for loans to individuals under the head "Loans and Advances by Provincial Govt-(B) Miscellaneous Loans and Advances" in the Red Book. A close watch will

kept

kept on the total amount of loans to be sanctioned
C.H. Societies from time to time so as to check up
that this total amount to be sanctioned does not in
any case exceed Rs. 1 crore (50 lakhs already
sanctioned in the 6-crore Housing Programme plus Rs.
50 lakhs now agreed to by F.D.) After HM(L) and HM(FD)
sees these papers, forward orders will be issued in the
matter to A.E., Bombay, R.C.D., F.D. and other officers
concerned.

Id/-
27/4/49.

HSS.29/6

GOVERNMENT OF BOMBAY
Labour Department,
Resolution No. 18/48,
Bombay Castle, 12th May 1948

Read the rules for financial assistance to Co-operative Housing Societies under the Housing Programme of Government printed as an accompaniment to Government resolution, Labour department, No. 41/48, dated the 5th May 1948 as amended by Government resolutions, Labour department, Nos. 41/48, dated the 14th Department, ~~May 1948~~ 1948 and 21st February 1949.

RESOLUTION: The present Housing Programme of Government is a Rs. 6 crore programme consisting of Rs. 4 crores from the Post War Reconstruction Funds and a loan of Rs. 2 crore which has been negotiated with the Government of India. Out of this Rs. 6 crore programme, a sum of Rs. 50 lakhs was earmarked for financial assistance to Co-operative Housing Societies, this assistance to be given in accordance with the rules mentioned in the preamble above. With a view to granting financial assistance to as many Societies as possible and so encouraging private enterprise to enter the field of building activities, Government has now decided to earmark an additional sum of Rs. 50 lakhs from the Post War Reconstruction Funds for this purpose. This additional sum of Rs. 50 lakhs is over and above the present Rs. 6 crore Housing Programme Funds. Hence, the total amount earmarked for financial assistance to Co-operative Housing Societies under the Housing Programme of Government now is one crore of rupees.

2. Provision for financial assistance to co-operative Housing Societies and private individuals under the Housing Programme is made in the current year's budget under the head "Loans and Advances by provincial government-(B) Class V-Miscellaneous Loans and Advances" on page 332 of the Detailed Estimates and Explanatory Memorandum of the Post War Reconstruction and Development programme, as follows:-

Loans to co-operative Housing societies, ...	Rs. 30,00,000
Loans to individuals, ...	Rs. 5,00,000

By order of the Governor of Bombay,

(N.K. DRAVID)

Secretary to the Government of Bombay,
Labour and Department.

To
The Registrar of Cooperative Societies, Bombay Province, Poona.
All Deputy Registrars of co-operative societies,
All Assistant Registrars of co-operative societies,
The Secretary, Bombay Housing Board, Bombay,
The Housing Commissioner, Bombay,
The Accountant General, Bombay (through the Finance Department)
The Finance Department,
The Revenue Department,
All other departments of the Secretariat (except the Separate Department.).